

INSTITUTE OF WOMEN AND ETHNIC STUDIES

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Institute of Women and Ethnic Studies
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the **Institute of Women and Ethnic Studies (IWES)** (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of **IWES's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **IWES's** internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **IWES** as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Institute of Women and Ethnic Studies
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In accordance with Government Auditing Standards, we have also issued our report dated June 22, 2012 on our consideration of IWES's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 22, 2012

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011

ASSETS

Cash (NOTES 2 and 4)	\$332,030
Accounts receivable	28,713
Other assets	4,515
Property and equipment, net (NOTES 2 and 5)	<u>45,838</u>
Total assets	<u>\$411,096</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 8,197
Accrued liabilities	15,498
Deferred revenues	<u>135,658</u>
Total liabilities	<u>159,353</u>
Net Assets:	
Unrestricted net assets	175,329
Temporarily restricted net assets	<u>76,414</u>
Total net assets	<u>251,743</u>
Total liabilities and net assets	<u>\$411,096</u>

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Grants (NOTES 2 and 6)	\$ 871,622	\$ 11,275	\$ 882,897
Contract revenue (NOTE 2)	415,806	-0-	415,806
Contributions (NOTE 2)	22,229	-0-	22,229
Interest income	651	-0-	651
Other income	1,017	-0-	1,017
Net assets released from restrictions:			
Satisfaction of program restrictions (NOTE 7)	<u>106,543</u>	<u>(106,543)</u>	<u>-0-</u>
Total revenues	<u>1,417,868</u>	<u>(95,268)</u>	<u>1,322,600</u>
EXPENSES:			
Program services	1,043,494	-0-	1,043,494
Supporting services:			
Fundraising	111,912	-0-	111,912
Management and general	<u>225,996</u>	<u>-0-</u>	<u>225,996</u>
Total expenses	<u>1,381,402</u>	<u>-0-</u>	<u>1,381,402</u>
Change in net assets	<u>36,466</u>	<u>(95,268)</u>	<u>(58,802)</u>
Net assets, beginning of year, as previously reported	<u>138,863</u>	<u>91,682</u>	<u>230,545</u>
Prior period adjustment (NOTE 10)	<u>-0-</u>	<u>80,000</u>	<u>80,000</u>
Net assets, beginning of year, as restated	<u>138,863</u>	<u>171,682</u>	<u>310,545</u>
Net assets, end of year	\$ <u>175,329</u>	\$ <u>76,414</u>	\$ <u>251,743</u>

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2011

		<u>Supporting Services</u>		
	<u>Program</u>		<u>Management</u>	
	<u>Services</u>	<u>Fundraising</u>	<u>and General</u>	<u>Total</u>
Salaries and wages	\$ 574,625	\$ 89,652	\$131,134	\$ 795,411
Fringe benefits	103,126	16,090	31,194	150,410
Events and meetings	40,672	-0-	-0-	40,672
Occupancy	36,369	-0-	15,587	51,956
Supplies	19,987	3,011	4,380	27,378
Printing and reproduction	9,839	1,950	1,231	13,020
Membership dues	2,768	-0-	-0-	2,768
Insurance	8,109	-0-	-0-	8,109
Interest	-0-	-0-	122	122
Travel and conferences	36,130	-0-	14,634	50,764
Other	-0-	-0-	262	262
Telephone and internet	7,560	1,139	1,657	10,356
Depreciation	-0-	-0-	13,345	13,345
Postage and delivery	462	70	101	633
Stipends and incentives	51,907	-0-	-0-	51,907
Contractual services	111,638	-0-	11,329	122,967
Professional fees	<u>40,302</u>	<u>-0-</u>	<u>1,020</u>	<u>41,322</u>
Total expenses	<u>\$1,043,494</u>	<u>\$111,912</u>	<u>\$225,996</u>	<u>\$1,381,402</u>

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$(58,802)
Adjustments to reconcile change in net assets to net assets provided by operating activities:	
Depreciation	13,345
Decrease in accounts receivable	78,255
Decrease in deferred revenues	(973)
Decrease in accounts payable	(3,747)
Increase in accrued liabilities	<u>14,892</u>
Net cash provided by operating activities	<u>42,970</u>

CASH FLOWS FROM INVESTMENT ACTIVITIES:

Purchase of equipment	<u>(42,618)</u>
Net cash used in investing activities	<u>(42,618)</u>

Net increase in cash	352
Cash at beginning of year	<u>331,678</u>
Cash at end of year	<u><u>\$332,030</u></u>

Supplemental cash flow information:

Interest paid	\$ <u>122</u>
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The accompanying notes are an integral part of these financial statements.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS:

The **Institute of Women and Ethnic Studies (IWES)** was founded in 1993 in response to health disparities in women of color. **IWES** is a not-for-profit 501(c)(3) organization based in New Orleans, Louisiana. The mission of **IWES** is to improve the physical, mental, and spiritual health and quality of life of women of color and their families, especially those who are socio-economically disadvantaged.

IWES develops culturally-appropriate public health programs, activities, and research models that promote holistic health in communities of color. The three programs operated by **IWES** are:

- o Sexual Health & Prevention - focusing on comprehensive sexual education, including HIV and teen pregnancy prevention.
- o Mental Health & Community Wellness - addressing the expanding mental health and community wellness needs of the New Orleans community.
- o Reproductive Health & Sexual Health Advocacy - working to address sexual and reproductive needs of underserved women, and to be their voice in the health care reform debate.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of **IWES** are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting

In accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations, **IWES** classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

- o Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues earned and expenses incurred in conducting the mission of **IWES** are included in this category.
- o Temporarily restricted net assets include realized gains and losses, investment income, and grants and contributions for which donor-imposed restrictions have not been met.
- o Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2011, **IWES** did not have any permanently restricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, **IWES** considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is provided using the straight-line method over estimated useful lives ranging from three (3) to seven (7) years.

Revenue Recognition

Contract revenues and revenues from federal grants structured as exchange transactions are recognized when earned.

Grants (if considered nonexchange transactions) and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any restrictions.

Restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Deferred Revenues

Deferred revenues arise when resources are received by IWES before it has a legal claim to them. In subsequent periods, when IWES has legal claim to the resources, current period revenue is recognized and deferred revenue is reduced.

Functional Allocation of Expenses

The costs of providing IWES's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefitted.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Income Taxes

IWES is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Therefore, no provision for income taxes is made in the accompanying financial statements. Should IWES's tax-exempt status be challenged in the future, IWES's 2009, 2010 and 2011 tax years are open for examination by the Internal Revenue Service.

NOTE 3 - ECONOMIC DEPENDENCY:

The primary sources of revenues of IWES are grants and contributions provided through various funding agencies and donors, as applicable. The continued success of IWES is dependent upon the renewal of grants and contributions from current funding sources as well as from obtaining new funding.

NOTE 4 - CONCENTRATION OF CREDIT RISK:

IWES maintains noninterest-bearing and low-interest-bearing accounts at two financial institutions. The FDIC provides unlimited deposit insurance coverage on noninterest-bearing accounts, and coverage on all other deposits up to \$250,000. At December 31, 2011, IWES's deposits were fully insured.

NOTE 5 - PROPERTY AND EQUIPMENT:

As of December 31, 2011, property and equipment consist of the following:

Furniture and fixtures	\$ 15,017
Office equipment	<u>87,585</u>
Total property and equipment	102,602
Less: accumulated depreciation	<u>(56,764)</u>
Property and equipment, net	<u>\$ 45,838</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - GRANT REVENUE:

Grant revenue consisted of the following for the year ended December 31, 2011:

<u>Federal Grants</u>	<u>Amount</u>
Teen Pregnancy Prevention Program	\$618,921
The HIV Prevention Projects for Community Based Organizations	<u>248,701</u>
Total federal grants	<u>867,622</u>
<u>Private Trust Grants</u>	
Foundation and Trust Grants	4,000
Non-Profit Organization Grants	<u>11,275</u>
Total private grants	<u>15,275</u>
Total grants	<u>\$882,897</u>

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS:

As of December 31, 2011, temporarily restricted net assets of \$71,825 are available for the Sexual and Reproductive Health Advocacy Project and \$4,589 for other projects.

During 2011, nets assets were released from restrictions by the incurrence of expenses satisfying the purpose restrictions specified by the grantor as follows:

Purpose restrictions accomplished:	
Salaries and wages	\$ 58,322
Fringe benefits	8,559
Professional development	19,211
Other costs	<u>20,451</u>
	<u>\$106,543</u>

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - OPERATING LEASE:

In 2011, IWES occupied office space under a non-cancellable operating lease with an original termination date of August 31, 2015. Subsequent to December 31, 2011, and by mutual agreement of both parties to the lease, the lease was terminated as of May 31, 2012. Rent expense was \$48,570 in 2011.

NOTE 9 - COMMITMENTS AND CONTINGENCIES:

IWES has entered into contractual arrangements with certain individuals to provide operational assistance, tutorial, self-development and recreational assistance. Such contracts are generally for six (6) to twelve (12) month periods.

IWES is a recipient of grants from state and federal government funds. These grants are governed by various federal and state government guidelines, regulations and contractual agreements. Also, IWES is a recipient of grants from private foundations and non-profit organizations.

The administration of the programs and activities funded by these grants is under the control and administration of IWES and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found not to be properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

NOTE 10 - PRIOR PERIOD ADJUSTMENT:

In 2010, IWES was awarded a \$200,000, multi-year grant payable in two installments in 2010 and 2011. The first installment of \$120,000 was recognized as revenue in 2010; however, the full amount of the grant award should have been recognized as support in 2010 in accordance with FASB ASC 958-605, *Revenue Recognition*. The effect of the correction was to increase the change in net assets for 2010 by \$80,000. The cumulative effect increases temporarily restricted net assets for 2010 by \$80,000.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through June 22, 2011, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
Department of Health and Human Services/Office of Adolescent Health		
<u>Direct Awards</u>		
Teen Pregnancy Prevention Program (TPPP)	93.297	<u>\$618,921</u>
Total Direct Awards		<u>618,921</u>
 <u>Centers for Disease Control</u>		
<u>Direct Awards</u>		
The HIV Prevention Projects for Community Based Organizations	93.943	<u>248,701</u>
Total Direct Awards		<u>\$248,701</u>
Total Amount of Expenditures of Federal Awards		<u>\$867,622</u>

See the Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Institute of Women and Ethnic Studies
New Orleans, Louisiana

We have audited the financial statements of the **Institute of Women and Ethnic Studies (IWES)** (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of IWES is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered IWES's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of IWES's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of IWES's internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of IWES's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IWES's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

IWES's responses to the findings identified in our audit are described in a separate Corrective Action Plan. We did not audit IWES's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, IWES's Board of Directors, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 22, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Institute of Women and Ethnic Studies
New Orleans, Louisiana

Compliance

We have audited the compliance of the **Institute of Women and Ethnic Studies (IWES)** with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on IWES's major federal program for the year ended December 31, 2011. IWES's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of IWES's management. Our responsibility is to express an opinion on IWES's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about IWES's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of IWES's compliance with those requirements.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Compliance, Continued

In our opinion, IWES complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-02 through 2011-04.

Internal Control Over Compliance

Management of IWES is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered IWES's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of IWES's internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-02 through 2011-04 to be significant deficiencies.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

IWES's responses to the findings identified in our audit are described in a separate Corrective Action Plan. We did not audit IWES's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, IWES's Board of Directors, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

June 22, 2012

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: Unqualified Opinion.
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: No Material weakness: Yes.
- C. Noncompliance which is material to the financial statements: No.
- D. Significant deficiencies in internal control over major programs: Yes.
Material weaknesses: No.
- E. The type of report issued on compliance for major programs: Unqualified Opinion.
- F. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: Yes.
- G. Major programs:
 - United States Department of Health & Human Services
 - Teen Pregnancy Prevention Program (TPPP)
 - (CFDA No. 93.297)
- H. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: No.
- J. A management letter issued: No.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

**Section II - FINDINGS RELATING TO THE FINANCIAL
STATEMENTS REPORTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

2011-01 – Ineffective Controls Over Financial Reporting

Criteria

Management is responsible for establishing and maintaining internal control to achieve the objective of effective financial reporting. Controls must provide reasonable assurance that all transactions and balances that should have been reported have been included and that no unauthorized transactions or balances are included.

FASB ASC 958-605, *Revenue Recognition* requires that revenue from exchange transactions be recorded as deferred revenue to the extent that it has not been earned, and receivables from exchange transactions be recorded to the extent that income has been earned but not received. For grants structured as nonexchange transactions, the full amount of the award must be recognized as income in the period in which the legally enforceable pledge (such as the executed grant agreement) is received by the organization, even if the donor has delayed payment or restricted the use of funds until a future reporting period; no revenue may be deferred.

Condition

We noted during our audit that IWES miscalculated the earned income related to restricted contributions, contracts for services, and federal grants structured as exchange transactions. We also noted that restricted grants structured as nonexchange transactions were improperly accounted for as exchange transactions in both 2011 and 2010, resulting in a material adjustment for 2011 and a prior period adjustment for 2010. Total revenue for the year ended December 31, 2011 was \$1,402,600.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

**Section II - FINDINGS RELATING TO THE FINANCIAL
STATEMENTS REPORTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)**

2011-01 – Ineffective Controls Over Financial Reporting, Continued

Effect

At December 31, 2011, the following unadjusted account balances were misstated: federal grant and contract income were overstated by \$95,250; private grant income was overstated by \$4,411; net assets were overstated by \$19,661; deferred revenue was overstated by \$35,873; and receivables were overstated by \$55,535. At December 31, 2010 grants receivable and temporarily restricted net assets were understated by \$80,000.

Cause

IWES misinterpreted the guidance under FASB ASC 958-905 as it pertains to grants structured as nonexchange transactions. In addition, IWES does not have a policy for treatment of unspent balances of restricted contributions at year end.

Recommendation

We recommend that IWES revise the revenue reconciliation to properly capture deferred revenues and temporarily restricted net assets at year end.

We also recommend that IWES review FASB ASC 958-605 and revise its fiscal policies to properly address the treatment of unspent balances of restricted grants, and to include the treatment of income recognition from multi-period grants structured as non-exchange transactions .

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS

2011-02 Allowable Costs/Cost Principles
CFDA 93.297 Teen Pregnancy Prevention Program (TPPP)

Criteria

Under 2 CFR, part 30, cost principles for expenditures of federal awards require that costs be supported by appropriate documentation, such as approved purchase orders, receiving reports, vendor invoices, canceled checks, and time and attendance records, and correctly charged as to account, amount, and period.

Condition

During our audit, we noted the following instances of noncompliance:

- We noted three (3) instances where costs were not supported by supporting documentation, including credit card receipts or itemizations of the charges on a receipt;
- We noted six (6) instances where costs were charged to the incorrect account.

Questioned Costs

\$5,326

Effect

IWES has not complied with federal regulations covering allowable costs and cost principles.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
(CONTINUED)

2011-02 Allowable Costs/Cost Principles, Continued
CFDA 93.297 Teen Pregnancy Prevention Program (TPPP)

Cause

Due to significant growth in IWES's operations during 2011, fiscal policies related to purchasing and procurement were not followed as closely as in the past. Policies and procedures to comply with federal regulations regarding allowable costs were not developed. Also, a restructuring of the chart of accounts associated with meetings and travel resulted in various meeting expenditures being charged to the travel account instead.

Recommendation

We recommend that IWES establish policies and procedures to ensure compliance with the cost provisions of Circular A-122 and that it strictly enforce its policies regarding purchasing, particularly for credit card purchases.

We also recommend that IWES perform a monthly detail transaction review to ensure that charges have been posted to the appropriate accounts and that budget-to-actual results be monitored on a monthly basis in order to forecast potential overspending and request amendments to the budget if necessary.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
(CONTINUED)

2011-03 Period of Availability
CFDA 93.297 Teen Pregnancy Prevention Program (TPPP)

Criteria

Where a funding period is specified, a non-Federal entity may charge to the award only those resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency.

Condition

We noted eight (8) instances during our audit where costs resulting from obligations incurred during TPPP's second grant period were charged to TPPP's first grant period.

Questioned Costs

\$7,408

Effect

IWES has not complied with federal regulations with respect to the period of availability.

Cause

IWES lacked procedures to ensure that only allowable costs within the period of availability were claimed for reimbursement.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
(CONTINUED)

2011-03 Period of Availability, Continued
CFDA 93.297 Teen Pregnancy Prevention Program (TPPP)

Recommendation

We recommend that IWES perform a detail review of transactions entered in the first month following a change in grant period, to ensure that the classification for the new grant period is being used.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
(CONTINUED)

2011-04 - Reporting
CFDA 93.297 Teen Pregnancy Prevention Program (TPPP)

Criteria

Under OMB Circular A-110, recipients' financial management systems shall provide for accurate, current and complete disclosure of financial results of each federally-sponsored project or program; records that identify adequately the source and application of funds for federally-sponsored activities; and comparison of outlays with budget amounts for each award.

Condition

We noted that the internally prepared budget-to-actual schedule for the TPPP grant was not in agreement with the expenditures per the general ledger. Unspent funds at the end of the first grant period, as calculated on the budget-to-actual schedule and as reported to the Department of Health and Human Services/Office of Adolescent Health (DHHS/OAH), were \$22,020. Unspent funds as recorded in the general ledger at that date were \$43,865.

Questioned Costs

\$-0-

Effect

IWES inaccurately reported the amount of unspent funds to DHHS/OAH at the end of the first grant budget period.

INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2011

Section III - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS
(CONTINUED)

2011-04 - Reporting, Continued
CFDA 93.297 Teen Pregnancy Prevention Program (TPPP)

Cause

IWES did not reconcile its budget-to-actual schedule to the general ledger.

Recommendation

We recommend that IWES utilize the budget features in its accounting software that allows budget-to-actual reports for each grant and grant period to be automatically generated.

**INSTITUTE OF WOMEN AND ETHNIC STUDIES
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Section I - FINDINGS RELATED TO THE FINANCIAL
STATEMENTS REPORTED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

No matters reported.

**Section II - FINDINGS AND QUESTIONED COSTS
RELATED TO FEDERAL AWARDS**

A Single Audit was not required in the prior year.

Section III - MANAGEMENT LETTER

None.

INSTITUTE OF WOMEN AND ETHNIC STUDIES

EXIT CONFERENCE

An exit conference was held with members of management to discuss the audit report. The individuals who participated in the discussion were as follows:

INSTITUTE OF WOMEN AND ETHNIC STUDIES

Ms. Denese Shervington, MD, MPH	--	Chief Executive Officer
Mrs. Rheneisha Robertson, MPH	--	Executive Director
Ms. Maisha Joshua	--	Finance Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Managing Partner
Ms. Sherina C. Lewis, CPA	--	Manager
Ms. Margaret Y. Bell	--	Staff Accountant

Appendix A

Management's Corrective Action Plan and Response to the Finding and Recommendation



June 29, 2012

Legislative Auditor
Office of Legislative Auditor
Post Office Box 94397
Baton Rouge, LA 70804-9397

To Whom it May Concern,

This letter transmits the Corrective Action Plan of the Institute of Women and Ethnic Studies (IWES) regarding the findings for the year ending December 31, 2011. The plan presents each audit finding, provides context or background related to each finding, summarizes the recommendations made by the independent auditors, and discusses the corrective actions that IWES has implemented or is in the process of implementing. The plan also includes target completion dates for corrective actions that will be implemented or are currently under way.

The accounting firm of Bruno & Tervalon CPAs, LLP audited our organization's financial statements as of December 31, 2011. In connection with the audit, Bruno & Tervalon CPAs, LLP considered IWES' financial reporting and tested IWES' compliance with certain provisions of applicable laws, regulations, and contracts that could have a direct and material effect on the financial accounting. During the audit, four findings were noted in IWES' Financial and Compliance Audit. As a result, recommendations made by the independent auditors have been, or are currently being resolved.

In response to the findings, the steps to follow have been implemented to take corrective action.

The persons responsible for the corrective actions are Denese Shervington, President & CEO, Maisha Joshua, Director of Finance and Rheneisha Robertson, Executive Director of The Institute of Women and Ethnic Studies. Should you have any questions concerning this response, please contact either one of these individuals at (504) 599-7712.

Sincerely,

Rheneisha Robertson
Executive Director

Finding 2011-01 --Ineffective Controls Over Financial Reporting

Condition

We noted during our audit that IWES miscalculated the earned income related to restricted contributions, contracts for services, and federal grants structured as exchange transactions. We also noted that restricted grants structured as nonexchange transactions were improperly accounted for as exchange transactions in both 2011 and 2010, resulting in a material adjustment for 2011 and a prior period adjustment for 2010. Total revenue for the year ended December 31, 2011 was \$1,402,600.

Cause

IWES misinterpreted the guidance under FASB ASC 958-905 as it pertains to grants structured as nonexchange transactions. In addition, IWES does not have a policy for treatment of unspent balances of restricted contributions at year end.

Recommendation

We recommend that IWES revise the revenue reconciliation to properly capture deferred revenues and temporarily restricted net assets at year end.

We also recommend that IWES review FASB ASC 958-605 and revise its fiscal policies to properly address the treatment of unspent balances of restricted grants, and to include the treatment of income recognition from multi-period grants structured as non-exchange transactions.

Management Response and Corrective Action Plan

IWES will work with its accountant to revise the revenue reconciliation to properly capture deferred revenues and temporarily restricted net assets at year end.

IWES will review FASB ASC 958-608 and seek further guidance from a financial accountant with non-profit accounting background to ensure accurate interpretation of exchange and nonexchange transactions.

IWES will also revise its fiscal policies to properly address the treatment of unspent balances of restricted grants structured as non-exchange transactions

Finding 2011-02 -- Allowable Costs/Cost Principles

Condition

During our audit, we noted the following instances of noncompliance:

- We noted three (3) instances where costs were not supported by supporting documentation, including credit card receipts or itemizations of the charges on a receipt;
- We noted six (6) instances where costs were charged to the incorrect account.

Cause

Due to significant growth in IWES' operations during 2011, fiscal policies related to purchasing and procurement were not followed as closely as in the past. Policies and procedures to comply with federal regulations regarding allowable costs were not developed. Also, a restructuring of the chart of accounts associated with meetings and travel resulted in various meeting expenditures being charged to the travel account instead.

Recommendation

We recommend that IWES establish policies and procedures to ensure compliance with the cost provisions of Circular A-122 and that it strictly enforce its policies regarding purchasing, particularly for credit card purchases.

We also recommend that IWES perform a monthly detail transaction review to ensure that charges have been posted to the appropriate accounts and that budget-to- actual results be monitored on a monthly basis in order to forecast potential overspending and request amendments to the budget if necessary.

Management Response and Corrective Action Plan

There were three instances in which costs were not supported with itemized receipts as supporting documentation to ensure compliance with allowable costs. Also, there were 6 instances in which costs were incorrectly charged to the 2010-2011 program period, instead of the 2011-2012 budget period.

In order to address this finding, IWES will implement the following:

- IWES will establish fiscal policies and procedures to ensure compliance with the cost provisions of Circular A-122, particularly with respect to credit card purchases. IWES will require itemized receipts for all credit card purchases as supporting documentation of the expense.
- IWES management will also perform monthly detail transaction reviews to ensure that charges have been posted to the appropriate accounts and that budget-to-actual results be monitored on a monthly basis in order to forecast potential overspending and request amendments to the budget if necessary. IWES will utilize the budget-to-actual feature in our accounting software, QuickBooks for Non-Profit Accounting.
- During the monthly detail transaction reviews, IWES management will review the classification of all expenditures by program to ensure budgeted expenses are correctly coded to the appropriate accounts.

Finding 2011-03

--Period of Availability

Condition

We noted eight (8) instances during our audit where costs resulting from obligations incurred during TPPP's second grant period were charged to TPPP's first grant period.

Cause

IWES lacked procedures to ensure that only allowable costs within the period of availability were claimed for reimbursement.

Recommendation

We recommend that IWES perform a detail review of transactions entered in the first month following a change in grant period, to ensure that the classification for the new grant period is being used.

Management Response and Corrective Action Plan

In addition to performing scheduled reviews of transactions on a monthly basis, IWES will also perform a detailed review of transactions entered in the first month following a change in grant period.

Finding 2011-04 -- Reporting

Condition

We noted that the internally prepared budget-to-actual schedule for the TPPP grant was not in agreement with the expenditures per the general ledger. Unspent funds at the end of the first grant period as calculated on the budget-to-actual schedule and as reported to the Department of Health and Human Services/Office of Adolescent Health (DHHS/OAH), were \$22,020. Unspent funds as recorded in the general ledger at that date were \$43,865.

Cause

IWES did not reconcile its budget-to-actual schedule to the general ledger.

Recommendation

We recommend that IWES utilize budget features in its accounting software that allows budget-to-actual reports for each grant and grant period to be automatically generated.

Management Response and Corrective Action Plan

IWES was not fully utilizing the financial software to prepare our budget-to-actual schedule for the TPPP grant which would have allowed recognition of the accurate amount of unspent funds. In response to this finding, we will work closely with our fee Accountant to develop memorized reports in our fiscal accounting software. We will also utilize the budget feature that our accounting software offers.

Additional Management Response and Corrective Action Plan to Overall Findings

IWES experienced significant growth in its operations in 2011. Additional resources were secured through grant funding to support this growth programmatically; alternately, the administrative systems and capacity to support this level of growth were under resourced. IWES will identify and hire an Administrative Coordinator to support the fiscal and administrative day-to-day operations to ensure compliance. The hiring of an Administrative Coordinator to support fiscal and administrative operations will improve the overall effectiveness of IWES' internal controls and compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs.